

August 27, 2004

Cristine A. Vogel, Commissioner
Office of Health Care Access
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, Connecticut 06134-0308

RECEIVED
2004 AUG 31 PM 12:54
CONNECTICUT OFFICE OF
HEALTH CARE ACCESS

Dear Commissioner Vogel:

Re: Letter of Intent to File a Certificate of Need Application

Middlesex Hospital intends to file a Certificate of Need Application for the expansion and replacement of its current Positron Emission Tomography (PET) and Computerized Tomography (CT) services. Middlesex Hospital currently provides mobile PET services and fixed CT services at the hospital's campus and fixed CT services at the hospital's Outpatient Center.

The project involves replacing an existing mobile Positron Emission Tomography (PET) service, approved in Docket No. 01-515a, with the purchase of a PET/CT system to be located at Middlesex Hospital's Outpatient Center. In addition, we propose to relocate the existing CT scanner at Middlesex Hospital Outpatient Center, approved in Docket No. 98-528, to the hospital and replace the other existing CT scanner at the hospital, approved in Docket No. 98-528, with a new multi- slice CT system.

The total capital cost of this project is projected to be approximately \$4.76 million.

We intend to submit this application as soon as the Letter of Intent period permits. Please send the appropriate application forms to me at your earliest convenience.

Respectfully submitted,

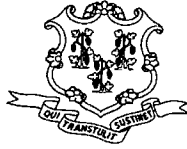


Harry Evert
Vice President, Administration

cc: Paul Knag, Esq.

28 Crescent Street
Middletown, Connecticut 06457-3650

tel 860 344-6000
fax 860 346-5485



State of Connecticut Office of Health Care Access Letter of Intent/Waiver Form Form 2030

All Applicants must complete a Letter of Intent (LOI) form prior to submitting a Certificate of Need application, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes and Section 19a-643-79 of OHCA's Regulations. Please submit this form to the Commissioner of the Office of Health Care Access, 410 Capitol Avenue, MS# 13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

SECTION I. APPLICANT INFORMATION

If there are more than two Applicants, please attach a separate sheet of paper and provide additional information in the format below.

| | Applicant One | Applicant Two |
|--|---|---------------|
| Full legal name | Middlesex Hospital | |
| Doing Business As | | |
| Name of Parent Corporation | Middlesex Health System, Inc. | |
| Mailing Address, if Post Office Box, include a street mailing address for Certified Mail | 28 Crescent Street Middletown, CT 06457 | |
| Applicant type (e.g., profit/non-profit) | Non-Profit Hospital | |
| Contact person, including title or position | Harry Evert VP, Administration | |
| Contact person's street mailing address | 28 Crescent Street Middletown, CT 06457 | |
| Contact person's phone #, fax # and e-mail address | T: 860-344-6120 F: 860-346-5485 harry_evert@midhosp.org | |

SECTION II. GENERAL APPLICATION INFORMATION

a. Proposal/Project Title:

Positron Emission Tomography and Computerized Tomography Service Expansion and Replacement

b. Type of Proposal, please check all that apply:

☒ Change in Facility (F), Service (S) or Function (Fnc) pursuant to Section 19a-638, C.G.S.:

- | | | |
|---|---|--|
| <input type="checkbox"/> New (F, S, Fnc) | <input checked="" type="checkbox"/> Replacement | <input type="checkbox"/> Additional (F, S, Fnc) |
| <input checked="" type="checkbox"/> Expansion (F, S, Fnc) | <input type="checkbox"/> Relocation | <input type="checkbox"/> Service Termination |
| <input type="checkbox"/> Bed Addition` | <input type="checkbox"/> Bed Reduction | <input type="checkbox"/> Change in Ownership/Control |

☒ Capital Expenditure/Cost, pursuant to Section 19a-639, C.G.S.:

☐ Project expenditure/cost cost greater than \$ 1,000,000

☒ Equipment Acquisition greater than \$ 400,000

- | | | |
|---|---|--|
| <input type="checkbox"/> New | <input checked="" type="checkbox"/> Replacement | <input type="checkbox"/> Major Medical |
| <input checked="" type="checkbox"/> Imaging | <input type="checkbox"/> Linear Accelerator | |

☐ Change in ownership or control, pursuant to Section 19a-639 C.G.S., resulting in a capital expenditure over \$1,000,000

c. Location of proposal (Town including street address):

Middlesex Hospital, 28 Crescent Street, Middletown, CT
Middlesex Outpatient Center, 534 Old Saybrook Road, Middletown, CT

d. List all the municipalities this project is intended to serve:

See Attachment A to this Letter of Intent.

e. Estimated starting date for the project: January 1, 2005

- f. Type of project: 20 and 21 (Fill in the appropriate number(s) from page 7 of this form)

Number of Beds (to be completed if changes are proposed)

| Type | Existing Staffed | Existing Licensed | Proposed Increase (Decrease) | Proposed Total Licensed |
|------|------------------|-------------------|------------------------------|-------------------------|
| | | | | |
| | | | | |

SECTION III. ESTIMATED CAPITAL EXPENDITURE INFORMATION

- a. Estimated Total Capital Expenditure: \$ 4,760,000
- b. Please provide the following breakdown as appropriate:

| | |
|---|---------------------|
| Construction/Renovations (Approximate at this time) | \$ 530,000 |
| Medical Equipment (Purchase) | |
| Imaging Equipment (Purchase) | 1,400,000 |
| Non-Medical Equipment (Purchase) | |
| Sales Tax | |
| Delivery & Installation | 30,000 |
| Total Capital Expenditure | \$ 1,960,000 |
| Fair Market Value of Leased Equipment | 2,800,000 |
| Total Capital Cost | \$ 4,760,000 |

Major Medical and/or Imaging equipment acquisition:

| Equipment Type | Name | Model | Number of Units | Cost per unit |
|----------------|------|-------|-----------------|---------------|
| PET/CT Scanner | TBD | TBD | 1 | \$2,800,000 |
| CT Scanner | TBD | TBD | 1 | \$1,400,000 |

Note: Provide a copy of the contract with the vendor for major medical/imaging equipment.

c. Type of financing or funding source (more than one can be checked):

- ☐ Applicant's Equity ☒ Lease Financing ☐ Conventional Loan
☐ Charitable Contributions ☐ CHEFA Financing ☐ Grant Funding
☒ Funded Depreciation ☐ Other (specify): _____

SECTION IV. PROJECT DESCRIPTION

Please attach a separate 8.5" X 11" sheet(s) of paper and provide no more than a 2 page description of the proposed project, highlighting all the important aspects of the proposed project. Please be sure to address the following (if applicable):

See Attachment B to the Letter of Intent for questions 1-7.

- Currently what types of services are being provided? If applicable, provide a copy of each Department of Public Health license held by the Petitioner.
- What types of services are being proposed and what DPH licensure categories will be sought, if applicable?
- Who is the current population served and who is the target population to be served?
- Identify any unmet need and how this project will fulfill that need.
- Are there any similar existing service providers in the proposed geographic area?
- What is the effect of this project on the health care delivery system in the State of Connecticut?
- Who will be responsible for providing the service?
- Who are the payers of this service? **See Attachment C to this Letter of Intent.**

Certificate of Need Proposal for the Expansion and Replacement of Positron Emission Tomography and Computerized Tomography Service at Middlesex Hospital and Middlesex Hospital Outpatient Center

SECTION II. List of Municipalities this Project is Intended to Serve

Middlesex Hospital's PET and CT Service:

Middletown
Middlefield
Portland
Cromwell
Haddam
Marlborough
Colchester/ Salem
East Haddam
East Hampton
Essex
Westbrook
Old Saybrook
Lyme/Old Lyme
Chester
Deep River
Killingworth
Durham
Clinton
Madison
Guilford
Rocky Hill
Madison

**Letter of Intent
Attachment B**

**Certificate of Need Proposal for the Expansion and Replacement of Positron
Emission Tomography and Computerized Tomography Service at Middlesex
Hospital and Middlesex Hospital Outpatient Center**

SECTION IV. PROJECT DESCRIPTION

This Certificate of Need proposes to replace an existing mobile Positron Emission Tomography (PET) service, approved in Docket No. 01-515a, with the purchase of a PET/CT system to be located at Middlesex Hospital's Outpatient Center. In addition, we propose to relocate the existing CT scanner, approved in Docket No. 98-528, at Middlesex Hospital Outpatient Center to the hospital and replace the other existing CT scanner at the hospital, approved in Docket No. 98-528, with a new multi- slice CT system.

PET/CT Technology: The PET service at Middlesex Hospital has seen 39% growth over the past 5 years. Middlesex Hospital first provided PET using a nuclear medicine coincidence gamma camera in year 2000, Docket No. 98-150. The mobile dedicated whole body PET service has been employed since 2002.

The efficacy of PET has been well established for oncological diagnostic purposes. Even though PET demonstrates high sensitivity in detecting tumors, it frequently lacks the needed specificity (i.e. where is the tumor exactly located). This is of significant clinical relevance. For instance, treatment planning may be altered if the tumor is in the mediastinum as opposed to being isolated to the lung parenchyma. Although CT imaging provides very good anatomical information, the computer fusing of the two image sets, PET and CT, which may be performed at different times and with different imaging parameters, has proved cumbersome.

The solution to providing both excellent metabolic, (PET) and anatomic, (CT) diagnostic information has been the "marrying" of the two systems into one. This allows the CT scan to be performed almost simultaneously with the PET scan affording excellent fusion imaging of the two data sets. Additionally, the CT scan data can be used for attenuation correction of the PET scan resulting in a significantly shortened PET study. Today's PET/ CT scanners can complete a routine study in 20 to 30 minutes as opposed to 50 to 60 minutes for a conventional PET only system. This fact allows for greater patient throughput and most importantly, patient comfort.

Currently Middlesex Hospital receives PET service from a mobile provider, InSight Health Corporation. The service is limited to 2 days per week and is located at the hospital. The cost of this service is approximately \$333,450 per year.

The CT scanner located at Middlesex Hospital Outpatient Center is 6 years old and of a single slice vintage. The single slice scanner is unable to accommodate increased outpatient demand. The CT portion of the newer CT/PET systems offers up to 16 slices per rotation. This 16-slice capability will allow expansion of the CT service by increasing throughput and to accommodate new applications. These multi-slice CT scanners are able to perform very sophisticated imaging studies and complete them significantly faster than the single slice models. One then is able to realize significant technological enhancement of both CT and PET services by the integration and complementary nature of the two systems.

In summary, Middlesex Hospital proposes to replace the existing CT scanner at the Middlesex Hospital Outpatient Center, located at 534 Saybrook Road in Middletown, Connecticut, and the mobile PET service currently provided by InSight Health Corporation at the hospital in Middletown with a single PET/CT system to be located at Middlesex Hospital Outpatient Center. In addition, Middlesex Hospital proposes to relocate the CT scanner from the Outpatient Center to the Hospital as a back-up unit to the Hospital's one CT unit.

CT Replacement Technology at the Hospital: CT utilization has dramatically grown over the past 5 years. This technology at Middlesex Hospital has grown over the past 5 years by an average of 23% per year. The current system is of single slice vintage and has been in service for over 6 years. The system has experienced a total of 110 hours of downtime during the past year. This results in critical emergency room patients and inpatients having to be transported by ambulance to one of our outpatient facilities for their needed CT scan, increasing the risk to the patient and the cost of the diagnostic service. The proposed replacement of our existing unit with a new 16-slice system will not only increase the reliability of the system but also will also significantly increase diagnostic accuracy and patient throughput. The current system can complete 2 to 3 patients per hour while the new proposed system's capabilities is 5 to 6 patients per hour. The relocation of the CT scanner from the Outpatient Center is intended to provide backup during routine preventative maintenance, and in case of a unit malfunction, thus avoiding the need to transfer critical inpatients and emergency room patients to an outpatient facility.

Therefore, in addition to the acquisition of a PET/CT system, and the relocation of the CT from the Outpatient Center to the Hospital, the hospital also proposes to acquire a replacement existing CT scanner at the hospital.

The current population served is within Middlesex Hospital's service areas, which includes all of Middlesex County and some towns east of the Connecticut River. Please refer to Attachment A of this Letter of Intent for a listing of all towns served.

Similar existing providers for CT services within the towns that Middlesex Hospital serves include Madison Radiology Imaging in Guilford, CT and Yale New Haven Shoreline Medical Center in Guilford, CT. There are no competing services for PET/CT within the towns that Middlesex Hospital serves. The closest PET service outside of our

market area is at Hartford Hospital. This proposal seeks to enhance technology to a current population being served.

Middlesex Hospital will be responsible for providing the service. PET/CT and CT procedures will be performed by Middlesex Hospital staff and will be interpreted by Radiologist Associates of Middletown, with whom the hospital has an existing contract. Middlesex Hospital currently makes CT and PET services available to all patients appropriately referred by a physician and provides services to most all payers within the state. Please see Attachment C of this Letter of Intent for a listing of all Connecticut payers.

Certificate of Need Proposal for the Expansion and Replacement of Positron Emission Tomography and Computerized Tomography Service at Middlesex Hospital and Middlesex Hospital Outpatient Center

SECTION IV: List of Connecticut Payers

1st Health
AETNA EPO
Aetna Health Management
Aetna Health Plan of Southern New England (AHPsNE)
AETNA HMO
Aetna Life & Casualty
AETNA MCI
AETNA MCII
AETNA PPO
AETNA/Aetna Life Ins Company (Indemnity Plan)
AETNA/US Health Care, Inc
Affordable Health Care / HealthCare COMPARE Corp
American Postal Workers
America's Health Plan
Anthem Blue Cross & Blue Shield
Anthem Health & Life Insurance Co of NY
APS Healthcare Inc.
Arrow Paper Supply & Food Co.
ASC-Flora SelectCare/American SelectCare
AZ Electric
Banker's Life
BC/BS-Blue Cross & Blue Shield of Connecticut
BC/BS-BlueCare Health Plan (BCHP)
BC/BS-Century Preferred
BC/BS-Community Health Care Plan (CHCP)
BC/BS-Constitution Healthcare, Inc (CHC)
BC/BS-HMO New England
BC/BS-PPO BlueCard
BCBS of CT (Non-Charged Based)
BCE Emerges
Beech Street
Behavioral Health Connecticut
Benecorp
Bristol Regional Health
CARESYS
CCN
Center for Continuing Care of Greater Stamford
Champus/Tricare
ChoiceOne, Inc.
CIGNA Behavioral Health, Inc.
CIGNA Connecticut General
CIGNA HealthCare of Connecticut, Inc.
Cigna HMO
CIGNA INA Workers' Comp

Cigna PPO
CIGNA Workers' Comp
CMG Health, Inc.
CNA
COMMUNITY CARE NETWORK (CCN)
Community Health Care
Community Health Network
Comprehensive Behavioral Care
CompWorks, Inc.
ConnectiCare, Inc
ConnectiComp
Connecticut Bricklayers
Connecticut Carpenters Health Fund
Connecticut HealthPlan, Inc
Connecticut Hospital Laboratory Network
Connecticut Pipe Trades HealthFund
Connecticut Union Painters
Consolidated Health Plans
Consumer Health Network
CorVel Corporation
CT VNA
Doral Dental Services of CT
EASTERN REHABILITATION NETWORK
Empire Blue Cross
Employee Benefits Plan Administrators, Inc.
Ethan Allen, Inc.
Family Services Woodfield
First Choice Healthplan of CT
First Coast
First Connecticut Life
First Health
Focus HealthCare Management
Franklin Health Group (CORNING FHG)
Galaxy Health Network
General Dynamics/Electric Boat
GHI Insurance
GHI Insurance
Glazier/Glassworkers
Global Medical Management
Golden Rule Insurance Co
Great-West Life & Annuity Insurance Company
Green Spring Health Services, Inc
Hartford Life & Accident
Health Advantage of Rhode Island, Inc.
Health Benefit Insurance Fund/IUOE
Health Connecticut, LLC
Health CT PPO

**Letter of Intent
Attachment C**

10

Health Management Corp.
Health Mgt Center Inc
Health Net of the Northeast, Inc.
Health Network America
Health New England of CT., Inc.
Health Payors Organization, Ltd
Health Risk Management
Health Strategies, Inc.
HealthAdvantage
HealthCare Value Management
HealthChoice of Connecticut, Inc
HealthDirect, Inc. (HDI)
HealthDirect/Hartford Fire
HealthNet, Inc. (HNI)
HealthRight, Inc.
HealthSource Connecticut Preferred
HealthSource of Connecticut, Inc
HealthSouth
HMA Behavioral Health, Inc.
Human Affairs International (HAI)
IBEW Local #208
IBEW Local #90
Insurance Programmers
Iron Workers
John Alden Life Insurance Company
KaiserFoundation / NorthEast Permanente
Kemper National Services
MAGELLAN BEHAVIORAL HEALTH, INC.
Managed Care Strategies
Managed Health Network
Mashantucket Pequot
Massachusetts Mutual
MasterCare of Connecticut
MCC Behavioral Health
MD Health Plan
Mediplan
MedSpan
MedSpan Health Options, Inc.
MedView Services, Inc
Merit Behavioral Care Corporation (Medco)
MetraHealth Insurance Co (Trav & MetLife)
MetraHealth Insurance Co (Trav Mgd Care)
MetraHealth Insurance Co (Trav Mgd Care)
Metropolitan Life
Missionary-Lasallette
Mohawk Valley Health Plan (MVP)
MOTOR VEHICLE
Multiplan Managed Care, Inc
Multiplan, Inc
Mutual Benefit Life
Mutual of Omaha
MVP HEALTH PLAN, INC.
National Health Insurance Company
National Preferred Provider Network (NPPN)
Nation's Health Plan

Nationwide Life Insurance Co
NE Health (NEHCEWF)/PsyAdvantage
New Jersey Carpenters Fund
Norbert E. Mitchel Co., Inc.
NorthEast Direct Health, Inc.
Northeast Health Direct, LLC
NYLCare of Connecticut, Inc.
OHS Provider Networks, Inc
OLIN Corporation
Olsten Kimberly QualityCare
One Call Medical
One Health Plan
Other Commercial
Owen HealthCare Services, Inc
Oxford Health Plan of Connecticut, Inc
PATHwise Behavioral Health
Phoenix
Phoenix Mutual Life
Physicians Health Services, Inc (PHS)
Pioneer Health Care, Inc
Pioneer Management Systems
POMCO
PPO Next
PREFERRED HEALTH NETWORK
Preferred Mental Health Management, Inc
Private HealthCare Systems (PHCS)
Pro Behavioral Health
PRO Behavioral Health, CT
ProAmerica Managed Care, Inc
Programmed Benefits
Provident Mutual
Prudential
Prudential Health Care of Connecticut/PRU CARE
Psych Management, Inc.
PsychCare, Inc
Quest Diagnostics Incorporated
SELF PAY/Single Patient Discount Agreement
Sheet Metal Local 40
SmithKline Beecham Clinical Lab
South Central CT Agency on Aging, Inc.
Suburban Health Plan, Inc
Taft-Hartley Health Funds, Inc./Health CT., LLC
The New England
TR Paul
Travelers
Travelers Managed Care
TriState Teamsters
Tri-State/Cost Care
UARCO Incorporated
Union Labor Life
United Behavioral Services
United HealthCare Insurance Company
United HealthCare Insurance Company
United Payors & United Providers (UP&UP)
US Behavioral Health (UBH)

Letter of Intent
Attachment C

11

US Government - Various Agencies
US Life
USA Health Network
USA Managed Care
VA Connecticut Healthcare System
VA Connecticut Healthcare System
Value Behavioral Health

ValueOptions, Inc.
Visiting Nurse Services of CT, Inc.
WellCare of Connecticut, Inc.
WellCare of New York, Inc.
Yale Health Plan/YUHS